protect the savings of every American and will increase confidence in the banking systems both here and abroad.

Mr. Chair, I urge my colleagues to support passage of H.R. 1106.

HELPING FAMILIES SAVE THEIR HOMES ACT OF 2009

SPEECH OF

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1106) to prevent mortgage foreclosure and enhance mortgage credit availability:

Mrs. MALONEY. Mr. Chair, I rise today in strong support of H.R. 1106, the "Helping Families Save Their Homes Act." This legislation is needed now more than ever, and I want to commend Chairman FRANK, Chairman CONYERS, and the Leadership for working together to bring this bill to the Floor.

It is important to remember that behind the economic and housing statistics are real people—the hard-working Americans and their families who are facing difficulties paying their bills every day. H.R. 1106 contains several key provisions to ensure that homeowners will have more options available to them to stay in their homes.

The bill before us would make necessary improvements to the Hope for Homeowners program including reducing current fees that have discouraged lenders from voluntarily participating and offering a $1,000 incentive payment to servicers for each successful refinance of existing loans. H.R. 1106 will ensure that predatory lenders, who bear some of the responsibility for today's housing situation, will not be approved as lenders under FHA programs. The legislation also provides a safe harbor from liability to mortgage servicers who engage in certain loan modifications, and it makes permanent an increase, from $100,000 to $250,000, in the amount of bank or credit union deposits insured by Federal banks and credit union regulators. H.R. 1106 establishes a 5-year restoration plan for the National Credit Union Administration (NCUA) which is currently required to restore the equity ratio of the Share Insurance Fund within one year.

I think most of us agree that bankruptcy should be the option of last resort. However, for those homeowners facing bankruptcy, H.R. 1106 will allow bankruptcy judges to reduce the principal, extend the repayment period, or authorize the reduction of an exorbitant interest rate to a level that helps make a mortgage more affordable. I am glad that we have been able to make changes to this legislation that will enable homeowners to stay in their homes, while at the same time providing greater certainty to lenders and to the secondary market.

I am hopeful that this bill will help to stem the tide of foreclosures and ensure that our neighborhoods do not experience a cascade of increased vacant lots and decreased property values.

The President has proposed a plan to help make it easier for homeowners, including those who are still in repayment but at risk for default, to refinance their mortgages at around the current market rate, or modify their loans. H.R. 1106 is an important step in moving forward with that plan. We must act now. The American people deserve no less than our full commitment to helping them through these troubled times.

I urge my colleagues to support this legislation.

HELPING FAMILIES SAVE THEIR HOMES ACT OF 2009

SPEECH OF

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 2009

The House in Committee of the Whole House on the State of the Union had under consideration the bll (H.R. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability:

Mr. HOLT. Mr. Chair, I rise today in support of the Helping Families Save Their Homes Act of 2009 (H.R. 1106), and to commend Chairman FRANK, Chairman CONYERS, and the Financial Services and Judiciary Committees for their leadership and hard work on this measure. I urge my colleagues to support it.

No doubt, the experience of my colleagues is the same at when the economy spiraled out of control last year, my constituents did not call me and write me and come to my Town Hall meetings saying "please give my hard-earned taxpayer dollars to Wall Street. Wall Street is really hurting, and I want to do my part to help." No, they came to me saying "I am in trouble. I played by the rules. I did everything right, but my life is falling apart, and my home is about to be taken away. Please help me." We responded a few weeks ago by enacting the American Recovery and Reinvestment Act to help stimulate the economy and get people back to work while providing for the essential services people need to get by. Today, we are taking another very important step by responding to the foreclosure crisis that is at the root of the recession.

The foreclosure crisis is a vicious cycle. Due to plummeting home values in recent years, an estimated 14 million homeowners owe more on their homes than their homes are worth; their mortgages are "under water". For a variety of reasons, including predatory lending abuses, exploding adjustable rate mortgage payments, and increasing job losses, homeowners all over the country have tried to refinance their mortgages into lower rates just to make ends meet. But the decreased values of their homes made that impossible. Unable to afford their current mortgage payments, unable to refinance them, and unable to sell the homes due to the depressed housing market, many face foreclosure. According to the trade research organization RealtyTrac, lenders made foreclosure filings on 2.3 million properties last year alone. Each foreclosed home reduces nearby property values by as much as 9 percent, sending those surrounding homes down the path towards being under water. And the cycle continues. Congress must act, must act now, and must act with force and determination.

The Helping Families Save Their Homes Act attacks the foreclosure crisis aggressively, and approaches the problem from many angles at once, but is measured in its application. The bill would help millions of homeowners stay in their homes, by including incentives to encourage lenders to negotiate affordable mortgages for homeowners whose mortgages are under water, who are at risk of foreclosure, and who are facing bankruptcy. For example, it would modify the Hope for Homeowners program by reducing the fees that discouraged lenders from voluntarily participating in that program last year, and by providing for a $1,000 incentive payment to servicers for each successful refinancing of an existing loan.

The bill also provides special protections for veterans, by allowing the Department of Veterans Affairs, the Federal Housing Administration (FHA), and U.S. Department of Agriculture to guarantee and/or insure mortgage loans that have been administratively or judicially modified. Therefore the bill would provide additional financial incentives for lenders to voluntarily modify mortgage loans instead of foreclosing. The bill also would expand the FHA's mortgage loan modification abilities by allowing a reduction of interest payments of up to 30 percent of the outstanding loan balance.

Most importantly, the bill would pay for adjustments to existing programs by tapping into $2.316 billion in already-authorized funding under the Troubled Assets Relief Program enacted last year. Therefore, to be clear—this is not a "new bailout." This bill gives back to taxpayers more than 2 billion taxpayer dollars that previously had been allocated to Wall Street by previously-enacted legislation.

In addition to incentivizing lenders to modify mortgages to keep families in their homes, the bill would give homeowners an important new tool to fend for themselves: judicial modification of primary home loans. By allowing bankruptcy judges to modify the terms of the home mortgages at the core of the economic crisis—the mortgages already issued prior to enactment of this bill under terms, conditions and circumstances that forced so many of them into foreclosure or the brink of failure—we help our constituents remain in their homes under revised payment plans they can afford. This important protection also does not cost taxpayers anything, but it could reduce foreclosures by 20 percent.

The mere fact that homeowners have judicial modification of primary home mortgages available as an option, which is already available for vacation home loans and other consumer loans, will further encourage lenders to modify mortgages before borrowers file for bankruptcy. In addition, as it would be further fine-tuned by the Conyers amendment, the bill would apply a "good faith" test to deny bankruptcy modification relief to individuals who can afford to repay their mortgages without it, and extend the negotiation period requiring the debtor to certify that he or she contacted the lender and sought to reach agreement on a qualified loan modification. As perfected, the amendment would also allow a court to consider, in lieu of reducing principal in a modification, reducing the interest rate to lower the borrower's monthly payment; enhance the "good faith" test restricting the use of judicial modification to reduce principal by requiring courts to determine whether a lender offered to modify the loan and whether the debtor could afford the offered modification; and increase the proportion of appreciation on a home that a lender could recoup in a sale